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State Dept. review completed

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Laos: Strong feelings within the Laotian Government over French inadequacy in military training and over French efforts to play down the seriousness of the current crisis are threatening further to impair relations between the two countries. The French are reacting strongly to an American newspaper	25X1
article, based on an unattributed interview with Laotian Premier Phoui, stating that Laos would sever "major relations"	
with France if the Communist threat were contained and US support continued. While Laos is unlikely to carry out this threat, the incident will widen the French-Laotian rift, to the detriment of joint Western efforts to strengthen Laos.	25X ²
Sudan: The leader of the powerful conservative Ansar religious sect intends to approach Prime Minister Abboud to protest against the weakness and instability of the present military regime and to ask for a shift to a mixed civilian and military government. Under similar pressure from several influential political leaders, Abboud has publicly declared his willingness to "study" plans for such a transition, but has indicated his opposition to any immediate changes. At the same time, in spite of elaborate government security precautions, a group of dissident junior officers is continuing its efforts to line up enough support for a new coup attempt.	25X
Guinea: President Sekou Touré, who seems to be attempting to follow a generally neutralist foreign policy, is reported to be encountering increased pressure from the pro-Soviet element in the Guinea Government. Leading this element is National Assembly President Diallo Saifoulaye, whose prestige has been heightened by his successful negotiation in Moscow last month of the \$35,000,000 Soviet loan agreement. Touré is	 25X1

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DAILY BRIEF

scheduled to visit the US late next month and then the UK. The results of his visits may have an important effect on Toure's

relations with the Saifoulaye element.

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Algeria-France: In its formal reply to De Gaulle's proposals for Algerian self-determination, the Algerian rebel provisional government stated on 28 September that it is prepared to discuss with the French the terms for a cease-fire. While in effect accepting De Gaulle's program as a basis for negotiation, the statement attacked those provisions which provide for the partition of Algeria from the Saharan departments should it eventually elect independence, and reaffirmed the rebels' willingness to continue the war.

The rebel statement--which will probably gain strong backing from the Asia-Africa. bloc--is directed toward the long-time rebel goal of direct negotiations with France. In keeping with his previous practice on major policy, De Gaulle is unlikely to feel the need of a further public statement on his

part.

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III. THE WEST

Argentina: President Frondizi's position has been at least temporarily strengthened by the failure of the Peronista and Communist labor leaders to obtain majority worker adherence to their obviously political strike of 23-24 September. Economy Minister Alsogaray considers this failure a setback to the plans of extremist labor leaders but feels that labor troubles will continue. The government plans new measures to control union activity and to end the wave of terrorism by agitators.

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The Situation in Laos

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The strong dissatisfaction of the Phoui Sananikone government with France's performance in Laos was again manifested in a background briefing Phoui recently gave to New York Times correspondent MacGregor. The Laotian premier allegedly castigated the French in strong terms and stated that "major relations" with France would be severed once the Communist threat were contained and if American support for Laos continued. The French have indicated serious concern over the article published following this interview; they fear the article will have a disruptive effect on their position in Laos.)

Phoui's unfavorable attitude stems largely from Laotian dissatisfaction with the poor record of the French military mission, which has consistently been maintained at a fraction of the strength authorized under the 1954 Geneva agreement. Furthermore, Laotian leaders associate the French Army with the military debacle at Dien Bien Phu. In addition, Laotians resent what they consider to be the foot-dragging of French military personnel in Laos. The Laotians would prefer that all military training be taken over by the United States.

Recent efforts by French representatives in Vientiane to belittle Laotian claims of North Vietnamese involvement in Communist insurgent operations and to blame the crisis on the shortcomings of the Phoui government have added to tension between the two countries. While an open rupture in relations is unlikely, joint Western efforts to strengthen Laos will be hampered.

Meanwhile, the UN subcommittee in Laos is going ahead with plans for field inspection trips in some of the areas of fighting. The austerity of living conditions in Vientiane and the confused and inept manner in which the Laotian Government is making the necessary arrangements for the subcommittee to carry out its mission are said to have put subcommittee members in a bad humor.

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Pro-Communist Elements in Guinea Stepping Up Pressure on Touré

Elements within the Guinea Government which favor a proSoviet orientation are making a serious behind-the-scenes bid
for greater influence, according to Ambassador Morrow in
Conakry. These elements are being led by National Assembly
President Diallo Saifoulaye, an extreme leftist with some grassroots support who is reportedly waging a quiet campaign to undermine President Sekou Touré's prestige. Other members of
the group are presumed to be Minister of Interior and Security
Keita Fodeba, Minister of Public Works Ismael Touré--the
President's brother, and Guinea's Minister Resident in Ghana
Diallo Abdoulaye--all of whom have been identified in the past
with the pro-Communist clique. Like Diallo Saifoulaye, they
are all also members of the powerful political bureau of Guinea's
only political party, the Democratic party of Guinea (PDG), of
which Sekou Touré is secretary general.

Ambassador Morrow believes President Touré is attempting to follow a neutralist foreign policy, but is having increasing difficulty holding this line--especially since Diallo Saifoulaye successfully negotiated a \$35,000,000 long-term Soviet credit in Moscow last month. At the PDG's annual congress in Conakry earlier this month, especially invited delegations from five bloc countries played a prominent role while representatives from Western countries, except for a group of French Communists, were conspicuously absent and apparently not invited.

Sekou Tourê is scheduled to make a 10-day official visit to
the United States commencing on 26 October and then to visit
London en route back to Conakry. The results of these visits,
and especially his sojourn in the US, may have an important
bearing on Toure's ability or inclination to withstand the pres-
sures emanating from the pro-Soviet group in his regime.

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III. THE WEST

Argentine Government Strengthened by Failure of General Strike

The failure of the majority of Argentine workers to support Peronista and Communist labor leaders in their recent general strike call has strengthened the position of President Frondizi's government. The strike leaders' list of demands was directed mainly at forcing Frondizi to abandon austerity measures under the US-backed stabilization program. The political stability of the government is largely dependent on the success of this program in promoting economic recovery.

The Communists appear to have contributed relatively little to the strike. This may cause the Peronistas, who have been disunited over a number of issues, to reassess the value of the labor unity pact they signed with the Communists in August.

Economic Minister Alvaro Alsogaray views the failure of the strike as a "great victory" for the government but anticipates continued labor troubles. Real wages, for example, had fallen in July 1959 to about 60 percent of their level a year earlier. Alsogaray announced on 26 September that the government plans new measures to control labor unions and to end the wave of terrorism by agitators. Numerous bombings occurred during the strike, but there was no major violence requiring the promised assistance of the army commander in chief.

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